City of Houston
Citywide ARC Project

Budget & Fiscal Affairs Committee

January 9th, 2012

Finance Department

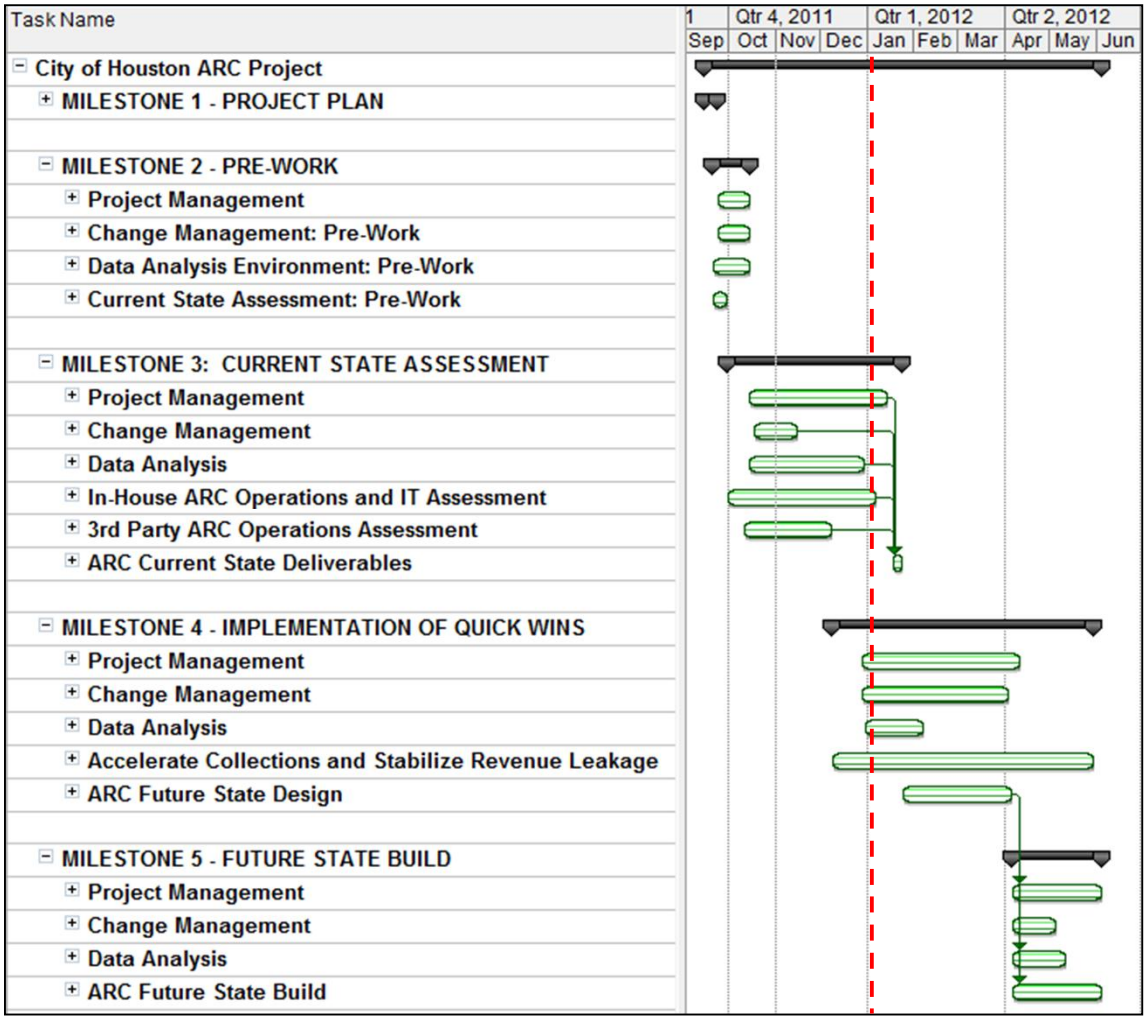
Kelly Dowe, Director

Bruce Haupt, Deputy Assistant Director

Current State – Progress Summary

DEPARTMENTS	WORK STREAMS				
	Kickoff Meetings	Ops and IT Assessment	Data Request Submitted (Internal)	3rd Party Vendor Assessment	Data Request Submitted (External)
ARA ï AMBULANCE ï ACS	9/27/11	CONDUCTED		CONDUCTED	RECEIVED
ARA ï BURGULAR ï PMAM		CONDUCTED		CONDUCTED	RECEIVED
ARA ï COMM. PERMIT			IN PROCESS		
ARA ï PARKING ï DUNCAN			RECEIVED	CONDUCTED	IN PROCESS
ARA ï FRANCHISE FEES			RECEIVED		
ARA ï BARC			RECEIVED		
FIN ï LINEBARGER	9/19/11	CONDUCTED	RECEIVED	CONDUCTED	RECEIVED
HFD ï LINEBARGER	10/12/11	CONDUCTED	RECEIVED	CONDUCTED	RECEIVED
MCD ï LINEBARGER	9/29/11	CONDUCTED	RECEIVED	CONDUCTED	RECEIVED
HPL ï UMS	9/23/11	CONDUCTED	RECEIVED	CONDUCTED	RECEIVED
HHS	10/18/11	CONDUCTED	IN PROCESS		
PWE	10/6/11	CONDUCTED	RECEIVED		
HPD	10/18/11	CONDUCTED	IN PROCESS		
SWD	10/5/11	CONDUCTED	RECEIVED		
HAS	12/1/11	CONDUCTED	SCHEDULED		

Project Timeline and Upcoming Activities



- **Operations and IT Assessment**
  - Currently on schedule (95% complete)
  - Finalizing current state assessments
  - Documenting gaps and quantifying opportunities
- **Data Analysis**
  - Completing analyses (~70% complete)
  - ARA EMS analysis may be more limited as data just received
  - Ad Valorem analysis may be limited since data provided was less complete
- **3rd Party Vendor Assessment**
  - Currently on schedule (95% complete)
  - Finalizing current state assessments
  - Documenting gaps and quantifying opportunities

ARC Themes & Opportunities

Theme	Observations
Collaboration Across Departments ▲ Skip Tracing ▲ Customer Matching ▲ Business Permitting	▲ Skip Tracing Å There is generally little recourse to find a debtor if their information is incorrect Å Internal data exists ï HCAD, InfoUSA, department databases ï but is not shared ▲ Customer Matching Å Commercial accounts consolidation and address consolidation Å Customer matching algorithm in CSMART (court management system in development) ▲ Business Permitting and Inspections: Å ARA (Comm. Permitting, Burglar, BARC), HFD, HHS, HPD, PD, PR, PWE, and SWM all require permits and licenses Å A business may require several permits to start a business but there are no clear guidelines as to which permits are needed Å Permits are sold by different departments and some in different locations Å Inspection process is fragmented and could benefit from more collaboration Å Many permits do not have late fees or penalties for non-compliance
Measurement and Reporting ▲ External vendors ▲ Internal	▲ Need clear understanding of collectable and uncollectable AR ▲ External vendors ï focused on absolute $ôs and limited recognition of collection rate or aging ▲ Internal ï very little collections/AR reporting; more focused on revenue ▲ Internal and external performance measures need to be implemented and tracked
Collections Improvement ▲ Unsatisfactory reach into delinquent accounts	▲ Burglar Alarms ï increasing size of 300+ delinquent bucket ▲ MCD One Call Solution Center ï prioritizes accounts on recent delinquency and currently unable to touch all accounts with a live collector based on staffing levels and technology ▲ Parking Management ï other than booting eligible vehicles, no teeth on back end of the collections process such as credit reporting and scofflaw

Financial Breakdown – AR & Collections

Revenue Category	Dept	Total Outstanding *	1) AR – Likely Uncollectable *	2) AR Write-Offs *	3) AR Target Collectable *	Notes
Ad Valorem Property Tax *Real Property* *Business Personal*	▲ **FIN**	**$ 127,236,735** *$ 78,681,296* *$ 48,555,439*	**$ 22,821,794**	**$ 26,009,024**	TBD	1) Temporarily uncollectable: includes exemptions, protests, deferrals; 2) Statutory limitations on collection/litigation; All totals include penalties & interest; Source is Harris County Tax Office
Ambulance Transport Fees	▲ **ARA**	TBD	TBD	TBD	TBD	TBD
Burglar Alarm Penalties	▲ **ARA**	**$ 2,635,243**	TBD	TBD	TBD	TBD
Fire Alarm Penalties	▲ **HFD**	**$ 3,813,202**	**$ 379,380**	TBD	TBD	1) Potentially exempt based on entity type (State, County facilities)
Health Clinic & Lab Fees	▲ **HHS**	**$ 37,897**	TBD	TBD	TBD	Total only includes current outstanding lab fees, excluding governmental AR (e.g. Harris County and other agencies)
Library Fines *Fines and Fees* *Material Replacement Value*	▲ **HPL**	**$ 13,565,944** *$ 7,464,842* *$ 6,101,102*	TBD	TBD	TBD	Total doesn't include $146K in AR from old migrated data
Municipal Courts *Adjudicated Cases* *Unadjudicated Cases*	▲ **MCD**	**$ 264,313,060** *$ 36,202,508* *$ 228,110,552*	TBD	TBD	TBD	Total and subtotals do not include balances from legacy RUMBA system (cases before April 2006)
Parking & Boot Citations *Post-2004 T2 Citations* *Pre-2004 Rhumba Citations*	▲ **ARA**	**$ 78,647,448** $ 42,900,823 $ 35,746,625	TBD	TBD	TBD	Source is T2, current parking management System, and Rhumba, former parking management system
Combined Utility System	▲ **PWE**	TBD	TBD	TBD	TBD	TBD

*** Balances are preliminary – they may NOT reflect the actual amount of the debt that may be uncollectable due to age, lack of information on the debtor, etc. In addition, the balances are each calculated from transactional data taken at different snapshots in time.**

Opportunities, Achievements, Next Steps

Department / Vendor	Achievements and Next Steps
Citywide	▲ Released Request For Information (RFI) for Skip Tracing Service providers ▲ Permitting Sub-Project Due Diligence and Implementation is underway (slide 6) ▲ SAP AR Pilot Project is Live with bills generated at end of month; Phase II begun (slide 7)

ARA – Burglar Alarms
▲ PMAM
	▲ Began implementation of 30 short and long term process improvements related to collections and increasing permit compliance (revenue) including:
	  ▲ Improving vendor skip tracing processes
	  ▲ Formalizing vendor performance measurements and metrics and developing supporting tools to track performance and benefits
	  ▲ Coordinating with other departments to increase customer awareness for alarm permits
	  ▲ Executing against plan to collect older AR outstanding
	  ▲ Refining customer contact strategy to increase collections and permit compliance
	  ▲ Considering a late penalty on false alarm fines to incentivize compliance and quicker payment
	▲ Reduced invoice due date from 45 to 30 days to increase speed of collections
	▲ ***Key Issues***:
	  ▲ Customer difficulty in understanding which permit is required causes ramifications throughout the collection process, ARA investigating a single combination permit
	  ▲ Difficulty in obtaining client data from ADT per City ordinance to match against current permits and determine non-compliant alarm customers; customers must have a burglar alarm permit for guaranteed police response to burglar alarms (HPD must respond to ñPanic Alarmsò)

ARA – EMS Transports ▲ ACS	▲ Implemented new EMS Invoices and Delinquency Notices highlighting online account information and payment portal ▲ Identified ACS accrual had not been adjusted from 21% to 11% with new contract terms ▲ ***Key Issue***: Received 50GB ACS transactional data files in mid-December; translated files into usable format and beginning analysis now
HHS / HPD Source Registration	▲ Assisting HHS and HPD with Source Registration collaboration (HPD Auto Dealer detail visits many HHS permit locations and has agreed to notify HHS of its non-compliant businesses)
HPL – Library Fines ▲ Unique Management Services	▲ Implemented process to transfer of Date of Birth and Texas Driver License # to vendor to increase hit rate on skip tracing ▲ UMS to use data to repeat skip trace of existing delinquent accounts
MCD – Municipal Court Fines ▲ Linebarger	▲ Working with MCD & ITD to design more robust C-Smart Collections algorithm to target accounts and maximize collections ▲ MCD implemented new Linebarger contract terms for COH to collect 30% fee from day 61 ï 90 of delinquency; total revenue collected September ï November of $28,157

Permitting Project – Revenues & Next Steps

Dept	Permit Category	FY12 Current Budget	Revenue Leakage
ARA	BARC Rabies Control Licenses	$ 700,000	TBD
	Burglar Alarm Permits	$ 6,000,000	
	Commercial Permitting	$ 4,220,776	
	Parking Management	$ 246,750	
	Solid Waste Franchise Fees	$ 5,568,000	
		$ 16,735,526	
HFD	Fire Alarm Permits	$ 288,205	TBD
	Special Fire Permits	$ 5,000,000	
		$ 5,288,205	
HHS	Ambulance Permits	$ 316,950	TBD
	Fats/Oils/Grease Permits	$ 1,616,788	
	Food Service Permits	$ 5,225,200	
	Source Registration Permits	$ 1,156,200	
	Swimming Pool Permits	$ 789,000	
		$ 9,104,138	
HPD	Auto Dealers Permits	$ 3,119,975	TBD
	Mobility Permits	$ 148,000	
		$ 3,267,975	
PWE	Fire Alarm Permits	$ 163,000	TBD
	Miscellaneous Permits	$ 32,366,100	
	Occupancy Fees	$ 4,157,400	
	Sign Permits	$ 1,711,700	
		$ 38,398,200	
SWM	Dumpster Permits	$ 2,600,000	TBD

- **Project Due Diligence Underway**
  - Reviewing all permits, licenses and fees to identify staff, IT systems, permit & inspection processes, and current permit holders
  - Documenting permits by category of business
  - Identifying inter-departmental permit links
  - Developing database to store permit and business category information
- **Next Steps**
  - Perform audit of each permit-requiring category of business to identify those not in compliance
  - Contact and bill those businesses not in compliance
  - Develop web/customer tool so businesses can easily identify what permits and licenses they need
  - Draft plan to share information across departments and systems
  - Craft permit non-compliance ordinance to penalize businesses when they are willfully negligent
- **Long Term Vision**
  - Identify opportunities to simplify processes
  - Develop formal tools to foster greater collaboration and enforcement between departments
  - Launch tools to improve customer experience
  - Develop self service and additional payment options

SAP AR Project Update – HHS Pilot & Phase II

Objectives	Phase I Pilot Project: Where we are to date	Phase II: Data Warehouse & Reporting
▲ Accurate invoicing of all customers and automated tools for noticing of delinquent customers	▲ SAP Accounts Receivable and Sales & Distribution modules configured for HDHHS Lab Billing Pilot Project	▲ Planning underway for implementation of data warehouse and business analytics reporting tool
▲ Improved processes with fewer systems, automated processes, and clean data	▲ Completed training for relevant HHS staff	▲ Provides transparency and automated reporting at the detailed level
▲ Centralized reporting for Finance Departmentôs ARC division	▲ Completed User Acceptance Testing on 11/29	▲ Ability to interface data in from other Citywide systems for universal reporting
▲ Foundation for SAP AR implementation with other departmental revenue streams	▲ ***Project is Live*** ï first bills will be generated at the end of January	▲ **RCA en route to City Council:** *To appropriate $186,050 for software licenses, implementation costs, and customization*

Questions